

**Council Motion on Proposed BSAI Amendment 102:
Establishing a Community Quota Entity Program in Area 4B**

October 3, 2011

The Council approves the following changes to the problem statement (deletions are stricken; additions are in bold underline):

*As a small coastal community in the Aleutian Islands, Adak is struggling to remain economically viable. The halibut and sablefish IFQ program, as with other limited entry programs, increases the cost of entry into or expansion in the commercial halibut and sablefish fisheries. Adak is not a beneficiary of the CDQ Program for halibut and sablefish. Allowing this non-CDQ community to purchase Area 4B halibut and sablefish quota share for lease to ~~residents of Adak~~ **eligible fishermen** will help minimize adverse economic impacts on this small, remote, coastal community in the Aleutians, and help provide for the sustained participation in the halibut and sablefish IFQ fisheries. The Council seeks to provide for this sustained participation without undermining the goals of the halibut and sablefish IFQ program or precluding entry-level opportunities for fishermen residing in other fishery-dependent communities.*

The Council recommends sending the analysis out for public review and selects the following as its preliminary preferred alternative:

Alternative 2. Establish a CQE Program in Area 4B. Allow a non-profit entity representing an eligible community in Area 4B to purchase and hold Area 4B halibut quota share and Aleutian Islands sablefish quota share, with similar qualifying criteria and operational limits as the existing GOA CQE communities (see specific provisions below).

Components of Alternative 2 include:

1. Eligible communities

Non-CDQ communities located in Area 4B with less than 1,500 people, no road access to larger communities, direct access to saltwater, and a documented historic participation in the halibut or sablefish fisheries are eligible to own and use commercial catcher vessel halibut and sablefish quota share. In addition to meeting these criteria at final action, eligible communities must be listed as a defined set of eligible communities in Federal regulation. Communities not meeting the qualifying criteria and not on the list adopted by the Council are not eligible to participate. Other Area 4B communities could petition the Council for inclusion after the implementation of this program.

Qualifying Area 4B communities would be restricted to purchasing Area 4B halibut and Aleutian Islands sablefish quota share.

2. Ownership Entity

A non-profit entity, approved by NMFS as the holder of the Adak Community Allocation of Western Aleutian Islands golden king crab will be recognized as the CQE for the community of Adak. The governing body in the community (currently City of Adak) must approve the CQE to operate on behalf of the community.

3. Use Caps for Individual Communities

Each eligible community in Area 4B is limited to purchasing and using either:

- Option 2. 15% of the Area 4B halibut QS pool; and
- Option 4. 15% of the Aleutian Islands sablefish QS pool

4. Cumulative Community Use Caps

All eligible communities combined are limiting to purchasing and using either:

- Option 2. 15% of the Area 4B halibut QS pool; and
- Option 4. 15% of the Aleutian Islands sablefish QS pool

5. Purchase, Use and Sale Provisions

Original block and vessel size designations apply if the community transfers the QS to any person other than another eligible community.

Block Restrictions

- Communities may buy blocked and unblocked quota share.
- Individual eligible communities are limited to holding 10 blocks of Area 4B halibut QS and 5 blocks of AI sablefish QS. Individuals receiving IFQ leased from an eligible community entity would be subject to the existing individual use caps in regulation.

Vessel Size Restrictions

- Quota share held by communities under this program would be exempt from vessel size (share class) restrictions, while the QS is owned and leased by the community.
- Transferability of halibut QS in Area 4B from commercial to qualified community entities is restricted to B and C category quota share. Should existing Area 3A CQEs be allowed to purchase 'D' category QS, Area 4B CQEs may purchase and fish Area 4B 'D' category halibut QS under the same rules.

Sale Restrictions

- Eligible communities owning catcher vessel quota shares may sell those quota shares to any other eligible community or any person meeting the provisions outlined in the existing IFQ Program.
- Eligible communities may only sell their quota share for one of the following purposes:
 - (a) generating revenues to sustain, improve, or expand the program
 - (b) liquidating the entity's quota share assets for reasons outside the program

Should an eligible community sell their quota share for purposes consistent with (b) above, an administrative entity would not be qualified to purchase and own quota share on behalf of that community for a period of three years.

Use Restrictions

- Option 2. The CQE may lease to non-residents for a limited period of five years after the effective date of implementation of the program. After that time, the CQE must lease QS to residents of the community it represents.

Suboption: The CQE is not subject to the 150 sea days requirement when leasing IFQ to residents.

Additional provisions include:

- No vessel may be used, during any fishing year, to harvest more than 50,000 pounds of IFQ halibut and 50,000 pounds of IFQ sablefish derived from QS held by a CQE in Area 4. The vessel would also be subject to the same vessel use caps applicable in the overall IFQ Program.¹
- A CQE may lease up to 50,000 pounds of halibut IFQs and 50,000 pounds of sablefish IFQs per lessee annually. The 50,000 pound limit is inclusive of any quota owned by the individual (lessee).

6. Performance Standards

The following are goals of the program with voluntary compliance monitored through the annual reporting mechanism and evaluated upon review of the program. Community entities applying for qualification in the program must describe how their use of QS will comply with the following program guidelines:

- (a) Maximize benefit from use of community IFQ for crew members that are community residents.
- (b) Insure that benefits are equitably distributed throughout the community.
- (c) Insure that QS/IFQ allocated to an eligible community entity would not be held and unfished.

7. Administrative Oversight

The Council recommends a provision to require submission of a detailed statement of eligibility to NMFS prior to being considered for eligibility as a community QS recipient. The statement would be similar to what is required under the GOA CQE Program. This includes, but is not limited to:

- (a) Certificate of incorporation
- (b) Verification of qualified entity as approved under "Ownership Entity"
- (c) Documentation demonstrating accountability to the community
- (d) Explanation of how the community entity intends to implement the performance standards

The Council also recommends a provision to require submission of an annual report detailing accomplishments. The annual report would be similar to what is required under the GOA CQE Program. This includes, but is not limited to:

- (a) A summary of business, employment, and fishing activities under the program
- (b) A discussion of any corporate changes that alter the representational structure of the entity
- (c) Specific steps taken to meet the performance standards

¹The current vessel use caps applicable in the IFQ Program are 0.5% of all halibut IFQ TAC and 1% of all sablefish IFQ TAC.